GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2021
ANSWERED ON:30.11.2007
CHECK ON FRAUDULENT ACTIVITIES OF COMPANIES
Bishnoi Shri Kuldeep

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the Government has any mechanism to monitor the fraudulent activities of various finance, plantation and other companies that have cheated the public worth thousands of crores of rupees over the past few years and have vanished;

(b) if so, the details thereof aSongwith number of companies inspected by the Government agencies during the last three years; and

(c) steps taken by the Government in this regard

Answer

THE MINISTER OF CORPORATE AFFAIR (SHRI PREM CHAND GUPTA)

(a) & (b) The Companies Act, 1956 provides a framework for inspections and investigations of companies for detecting fraudulent action by a company and consequent legal action against such company and its officers. In addition, finance companies are regulated by Reserve Bank of India (RBI) and plantation companies by Securities Exchange Board of India (SEBI) under RBI Act, 1934 and SEB! Act, 1992 respectively. Action against companies that raise funds from the public and vanish is also being coordinated between Ministry of Corporate Affairs and SEB!.

The details of companies inspected and investigated by this Ministry during the last three years is as per Annex.

(c) Prosecutions have been filed against the delinquent companies and their defaulting directors for violation of provisions of the Companies Act, 1956 where detected. In addition, in case of vanished companies, FIRs have been registered against 95 companies and their promoters/directors under Indian Penal Code.

Annex

Details of inspections/investigations in regard to Lok Sabha Unstarred Question No. 2021 for reply on 30.11.2007 regarding `Check on fraudulent activities of Companies:-

Details of Inspections

Year	No. of Companies
2004-2005	197
2005-2006	221
2006-2007	220

Details of Investigations

Year	No. of Companies
2004-2005	9
2005-2006	7
2006-2007	19